



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 2, 2003

S. 1940

Head Start Improvements for School Readiness Act

*As reported by the Senate Committee on Health, Education, Labor, and Pensions
on November 24, 2003*

SUMMARY

The Head Start Improvements for School Readiness Act would reauthorize the Head Start program through 2009. The program is currently authorized through January 31, 2004, by the Continuing Appropriations Act (Public Law 108-135). The bill also would create several new programs related to Head Start.

CBO estimates that authorizations under S. 1940 would total \$105 million in 2004 and \$40.0 billion over the 2004-2009 period, assuming that annual levels are adjusted for inflation when specific annual authorizations are not provided. (Without such inflation adjustments, the authorizations would total \$39.5 billion over the 2004-2009 period.) CBO estimates that appropriation of the authorized levels would result in additional outlays of \$35.5 billion over the 2004-2009 period, assuming annual adjustments for inflation (or \$35.1 billion without adjustments for inflation). Enacting the bill would not affect direct spending or receipts.

S. 1940 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1940, with inflation adjustments for the different components of the bill, is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law							
Budget Authority ^a	6,668	1,400	0	0	0	0	0
Estimated Outlays	6,609	3,931	936	123	14	0	0
Proposed Changes:							
Head Start							
Estimated Authorization Level	0	0	7,215	7,615	8,015	8,193	8,371
Estimated Outlays	0	0	3,752	7,062	7,731	8,084	8,273
Bonus Grants to Centers for Excellence in Early Childhood							
Authorization Level	0	90	90	90	90	90	90
Estimated Outlays	0	47	86	89	90	90	90
Administrative Costs for Centers for Excellence in Early Childhood							
Authorization Level	0	3	3	3	3	3	3
Estimated Outlays	0	1	2	2	3	3	3
Research Activities for Centers for Excellence in Early Childhood							
Authorization Level	0	2	2	2	2	2	2
Estimated Outlays	0	1	2	2	2	2	2
Tribal Colleges and Universities Head Start Partnerships							
Estimated Authorization Level	0	10	10	10	11	11	0
Estimated Outlays	0	5	10	10	11	11	5
Total Proposed Changes							
Estimated Authorization Level	0	105	7,320	7,720	8,120	8,298	8,465
Estimated Outlays	0	54	3,851	7,166	7,836	8,189	8,372
Total Spending Under S. 1940							
Estimated Authorization Level	6,668	1,505	7,320	7,720	8,120	8,298	8,465
Estimated Outlays	6,609	3,986	4,787	7,289	7,850	8,189	8,372

NOTE: Components may not sum to totals because of rounding.

a. The 2003 level is the amount appropriated that year for the Head Start program including an advance of \$1.4 billion for the 2002 academic year. The 2004 level is the amount appropriated in an advance appropriation for the 2003 academic year. No full-year 2004 appropriation has been enacted yet.

BASIS OF ESTIMATE

S. 1940 would reauthorize the Head Start program through 2009. The program is currently authorized through January 31, 2004, by the Continuing Appropriations Act (Public Law 108-135). For this estimate, CBO assumes that the bill will be enacted in the fall, that the estimated amounts shown in the table will be appropriated for each year, and that outlays will follow historical spending patterns.

The bill would authorize additional appropriations of \$105 million in 2004. CBO estimates that S. 1940 would authorize total funding of \$40 billion over the 2004-2009 period assuming that "such sums" amounts provided after 2004 reflect adjustments for inflation. If the authorized amounts are appropriated, outlays would increase by \$54 million in the first year and by \$35 billion over the six-year period.

The above table presents CBO's estimates for the different components of the bill. The amounts authorized for bonus grants, administration, and research for the Centers for Excellence in Early Childhood are specified in each year. For the overall Head Start program, the bill would specify authorized amounts for fiscal years 2005 through 2007 and would authorize such sums as may be necessary in 2008 and 2009. CBO's estimate of authorized levels in 2008 and 2009 is the authorized amount for 2007 adjusted for inflation. For the Tribal Colleges and Universities Head Start Partnerships program, a specific amount is authorized in 2004, and CBO's estimate of authorizations from 2005 through 2008 is that amount inflated.

Head Start

S. 1940 would revise and reauthorize the Head Start program. The program provides comprehensive child development services to low-income children. Services include education, health, nutrition, and social services, with the overall goal of increasing the school readiness of young children in low-income families.

The bill would authorize the appropriation of \$7.215 billion in 2005, \$7.615 billion in 2006, \$8.015 billion in 2007, and such sums as may be necessary in 2008 and 2009. CBO estimates that total authorizations for the 2004-2009 period would be \$39.4 billion, assuming adjustments for inflation, with resulting outlays of \$34.9 billion over those six years.

Funding for this program currently is provided on a program-year basis through appropriations in two separate fiscal years: a current fiscal year appropriation and an advance appropriation available October 1 of the next fiscal year. Although the program has been

funded by two separate appropriations since 2001, funding does not need to be authorized separately because all of the funds for a program year could be provided in one appropriation. The program is funded at \$6.668 billion for academic year 2003-2004 (\$5.268 billion in 2003 and \$1.4 billion in 2004).

Centers for Excellence in Early Childhood

The bill also would permanently authorize appropriations of \$95 million a year for a new Centers for Excellence in Early Childhood program. The Secretary of Health and Human Services (HHS) could designate 200 exemplary Head Start agencies as Centers for Excellence in Early Childhood. These centers would receive bonus grants to carry out various activities including enrolling additional children and providing training to teachers. The Secretary also would be authorized to make a grant to an independent organization to conduct research on the ability of the centers to improve school readiness of the children receiving Head Start services and to measure the success of the centers. The bill would permanently authorize \$90 million a year for bonus grants, \$2.5 million annually for HHS administrative costs, and \$2 million a year for research. CBO estimates that providing those amounts would result in outlays of \$516 million over the next six years.

Tribal Colleges and Universities Head Start Partnerships

S. 1940 would create a new Tribal Colleges and Universities Head Start Partnership program and authorize \$10 million in 2004 and such sums as may be necessary from 2005 through 2008. The bill would authorize the Secretary of HHS to award grants to Tribal colleges and universities to implement Head Start education programs that include Tribal culture and language, to increase the number of degrees earned by staff members of Indian Head Start programs, and for other purposes. CBO estimates that providing the authorized amounts would result in outlays of \$5 million in 2004 and \$51 million over the 2004-2009 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1940 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would extend and increase authorizations of appropriations for the Head Start program and broaden the types of agencies that could qualify for funding. It also would place additional requirements on grant recipients and participants in the program. However, those requirements would not be considered mandates under UMRA because they would be conditions of assistance or duties arising from participation in a voluntary federal program.

PREVIOUS CBO ESTIMATE

On June 25, 2003, CBO transmitted a cost estimate for H.R. 2210 as ordered reported by the House Committee on Education and the Workforce on June 19, 2003. That bill would authorize the overall Head Start program from 2004 through 2008 (as opposed to 2005 through 2009) and would authorize slightly less funding in those years than S. 1940. H.R. 2210 also would create a state demonstration program that would allow up to eight states to coordinate Head Start with existing state prekindergarten programs and would authorize funding for administering that program. S. 1940 would not authorize that program but would authorize four other new Head Start programs or activities.

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